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Poland

Fresh Deciduous Fruit

Annual

2001

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Report Highlights:

Poland's record CY 2001 apple production, resulting from favorable weather conditions, is contributing to dramatic increases in CAJ production and exports. Depressed prices combined with reduced EU duties are stimulating domestic consumption, reducing imports, and fostering record MY 2000/2001 CAJ exports. CAJ exports, nearly 100 percent of which are destined for the EU, are projected to remain at record highs in MY 2001/2002.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Poor weather conditions resulted in a decrease in commercial apple production in MY 2000/2001. However, this shortfall was more than compensated for by apples from small farms. Approximately 1.5 million tons of apples were utilized by the processing industry in MY 2000/2001, producing a record 190 thousand tons of concentrated apple juice (CAJ), mainly for export.

In MY 2000/2001 exports of apples are expected to increase by 6 to 10 percent over MY 1999/2000, while exports of CAJ are expected to double. Apple imports were much lower in MY 2000/2001 due to an increased total domestic production.

In MY 2001/2002, however, the production in small orchards is expected to decline while the increase in production in commercial farms will offset that decline. High production is resulting in a high supply of processing apples which is expected to keep the production of CAJ at 190 thousand tons.

Production

According to GOP official data, CY 2000 apple production was 9.6 percent lower than the CY 1999 crop; a result of very low temperatures during blossoming and pollination (June) and drought conditions during ripening. Specialists from the Institute of Rural Economics and the Horticultural Institute estimate the total MY 2000/2001 supply at around 2.3 million metric tons of apples, which includes imports and apples from small farms. The cold weather damaged large scale apple farms, while the crop on small orchards was unusually high. High humidity at the end of July and in August, as well as a long, warm, and sunny autumn helped with overall production.

Although the 2000/01 winter was mild, a late spring with low temperatures in March and April delayed blossoming almost everywhere in Poland. Blooming has been satisfactory, however. Specialists have noted that large quantities of orchard pests survived the mild winter. Unusually high temperatures in July and August made apple tree fruit-bearing double compared to the previous season. The CY 2001 apple crop is estimated to be higher by several percent than in CY 2000; with commercial orchards more than off-setting the expected crop reduction on small-scale orchards.

The production of concentrated apple juice (CAJ) in MY 2000/2001, was approximately 190 thousand metric tons. In MY 1999/2000 CAJ represented 7 percent of total processed fruit, whereas in MY 2000/2001 its share more than doubled to 16 percent. International demand for CAJ from Poland remains strong due to its naturally high acidity content (4.5-7 percent). Since the apple crop in CY 2001 is expected to be similar to CY 2000, the supply of processing apples will be almost as high as in CY 2000 and production of CAJ will be kept at the level of 190 thousand tons.

Note: There was some disagreement among Polish statistical offices this past year. According to Poland's Main Statistical Office, the commercial apple crop in MY 1999/2000 was below average. However, specialists from the Horticultural Institute (HI) and the Institute for Rural Economics (IRE) estimated a much higher crop than in CY 2000. Post has elected to use a higher production estimate because we deem the HI and IRE forecasts are more reliable than the other sources. End note.

Consumption

Apples remain the dominant horticultural fruit in Poland. Their consumption increased by almost 10 percent in MY 2000/2001, due to low prices in the second half of 2000. The share of apples in relationship to the total consumption of fruits increased from 46 percent in 1999 to 47 percent in 2000. It is expected that it will further increase due to high supply and low market prices.

Consumption of apple juice also increased by about 10 percent in MY 2000/2001 to 11,000 metric tons, and is expected to remain at this level in MY 2001/2002. The most popular juices in Poland are citrus, particularly orange juice. Locally-produced fruit juices represent 40% of all juices consumed in Poland, and the share of imported juices has remained unchanged from last year.

Trade

While in MY 2000/2001 Poland exported \$ 22 million worth of fresh apples, a 34 percent reduction compared with MY 1999/2000, the quantity of apple export rose slightly. The main destinations were Belarus, Russia, Lithuania, and Latvia. Imports of fresh apples for MY 2000/2001 were valued at \$ 7.8 million a decline of 39 percent from MY 1999/2000. It is important to note that in MY 1999/2000 apple imports were unusually high (6,000 metric tons) due to lower domestic production. Considering the large apple crop in MY 2001/2002, apple trade is expected to remain at MY 2000/2001 levels.

Most Polish CAJ production is exported. It is estimated that exports of CAJ in MY 2000/2001 will reach \$100 million, compared to \$ 90 million in MY 1998/1999, 98 percent of which is destined for the EU. The increase in world supplies of CAJ resulted in decreased prices for Polish CAJ (from average DM 2.3 (US\$ 1.09) in MY 1999/2000 to DM 1.2-1.3 (US\$ 0.57-0.62) per kilogram in MY 2000/2001). Increased CAJ production in Poland, Austria, Germany, Central and Eastern Europe, the United States and South America; as well as very cheap Chinese CAJ available in European markets after the introduction of anti-dumping tariffs in the United States have contributed to the world supply situation.

In MY 2000/2001, unusually high domestic supplies of processing apples and an abundance of cheap CAJ on the world market resulted in a \$20 million decrease in Polish CAJ imports. It is estimated that around 2-3 thousand metric tons of CAJ were imported in MY 2000/2001 compared to 21 thousand metric tons in MY 1999/2000.

The EU-Polish trade liberalization agreement which became effective January 1, 2001 was not a major factor in Poland's increased exports this year. Abnormally depressed world prices led to higher EU imports from non-traditional suppliers such as South America and China. However, the trade liberalization agreement with the EU is expected to help Polish exports in coming years.

According to a Polish press report, the EU Commission, at the request of EU juice and sugar producers, is considering tariff changes on fruit juice imports. Such changes would have little impact on Polish exports.

Currently, the same EU tariffs are applicable to imported juice with high or low sugar content. As a result, EU importers purchase fruit syrups (mainly orange and apple) from the Czech Republic, Poland, and Switzerland for which they pay a low import tax, add water, and sell the juices at prices that are competitive with juices

produced in the EU. In the second half of 2001, EU authorities are expected to implement an additional sugar tax on the importation of juices with a sugar content more than 50 percent. Under the terms of the Polish-EU “zero for zero” trade agreement, there is a “0” import duty on Polish CAJ entering the EU. Also, of the 152,000 tons of apple juice exported in CY 2000, only 26 thousand tons of it, ie., one-fifth of total exports, had more than 60 percent sugar content.

Exports of Polish apple juice (thousand tons)

1995	1996	1997	1998	1999	2000
85.1	103.8	137.9	104.5	75.2	152.5

Policy

There are no Polish government support programs designed specifically for fruit producers. However, apple producers can apply for preferential credit (part of the interest rate is paid by the GOP’s Agency for the Restructuring and Modernization of Agriculture) from local banks.

Marketing

Most imports are handled by small private companies. Large processors such as Agros, Polcoop and Hortex focus primarily on export sales. Most of the distribution of fruit in the Polish market is done through farmers markets or commodity exchanges. There is still a deficit of modern storage facilities for apples in Poland. It is estimated that only 50-60 thousand tons of apples are stored in modern storage facilities. Only large apple producers can afford the price of such a facility. The average Polish orchard is less than 5 hectares.

Tariffs applicable in CY 2001

The current tariff rate for CAJ is 50 percent or 44 percent plus 0.2 EUR/kg with a maximum 120 EUR/hl plus sugar-content tax. In order to protect the local sugar industry, in 1993 Poland introduced a sugar-content tax. This tax applies to all products which contain sugar. The sugar tax applicable to CAJ is 0.0049 EUR per each 10 grams or each 1 percent of sugar in 1 kilogram of the product. The tariff rate for CAJ with no added sugar content is 35 percent. There is a 12 percent preferential tariff rate on all kinds of CAJ imported from the Czech and Slovak Republics, Hungary, Slovenia, Romania, Bulgaria and Latvia, under a series of bilateral agreements.

CN Code	Product	Import tariff for WTO members, incl. USA and EU members	Czech & Slovak Rep.	Lithuania	Latvia
0808.10.10.0	Apples for juice, from Sept.16 till December 15	0.3 EUR/kg	10 %	10 %	0 %
0808.10.20	Golden Delicious varieties:				
0808.10.20.1	-from January 1 till March 31	0.33 EUR/kg	10 %	10 %	10 %
0808.10.20.3	-from April 1 till June 30	0.12 EUR/kg	0 %	10 %	0 %
0808.10.20.5	-from July 1 till July 31	10 %	0 %		0 %
0808.10.20.7	-from August 1 till December 31	0.30 EUR/kg	10 %	10 %	15 %
0808.10.50	Granny Smith varieties:				
0808.10.50.1	-from Jan 1 till March 31	0.33 EUR/kg	10 %	10 %	10 %
0808.10.50.3	-from April 1 till June 30	0.12 EUR/kg	0 %	10 %	0 %
0808.10.50.5	-from July 1 till July 31	10 %	0 %		0 %
0808.10.50.7	-from August 1 till December 31	0.33 EUR/kg	10 %	10 %	15 %
0808.10.90	Other varieties:				
0808.10.90.1	-from Jan 1 till March 31	0.33 EUR/kg	10 %	10 %	10 %
0808.10.90.3	-from April 1 till June 30	0.12 EUR/kg	0 %	10 %	0 %
0808.10.90.5	-from July 1 till July 31	10 %	0 %		0 %
0808.10.90.7	-from August 1 till December 31	0.30 EUR/kg	10 %	10 %	15 %

Tables:**Fresh Apples - PSD**

PSD Table						
Country	Poland					
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Planted	165200	165200	170000	165200	0	165200
Area Harvested	97100	97100	77700	100000	0	100000
Bearing Trees	69646	69646	72000	70000	0	71000
Non-Bearing Trees	20000	20000	20000	20000	0	20000
Total Trees	89646	89646	92000	90000	0	91000
Commercial Production	1534000	1604000	1144000	2085000	0	2200000
Non-Comm. Production	70000	100000	56000	200000	0	150000
TOTAL Production	1604000	1704000	1200000	2285000	0	2350000
TOTAL Imports	28100	22500	32000	15000	0	10000
TOTAL SUPPLY	1632100	1726500	1232000	2300000	0	2360000
Domestic Fresh Consump	692100	619200	557000	650000	0	660000
Exports, Fresh Only	140000	187300	75000	200000	0	250000
For Processing	800000	920000	600000	1450000	0	1450000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	1632100	1726500	1232000	2300000	0	2360000

Exports of Fresh Apples

Export Trade Matrix			
Country	Poland		
Commodity	Fresh Apples		
Time period	Jan-Dec	Units:	MT
Exports for:	1999		2000
U.S.	18	U.S.	
Others		Others	
Russia	60809	Belarus	87730
Belarus	45623	Russia	81784
Lithuania	12583	Lithuania	15034
Latvia	11282	Latvia	11618
Estonia	7615	Germany	6644
Moldova	2783	Estonia	4951
Romania	2023	Slovak Rep.	2316
Germany	1765	Romania	1795
Slovak Rep.	1493	Moldova	1327
Total for Others	145976		213199
Others not Listed	2517		1476
Grand Total	148511		214675

Imports of Fresh Apples

Import Trade Matrix			
Country	Poland		
Commodity	Fresh Apples		
Time period	Jan-Dec	Units:	MT
Imports for:	1999		2000
U.S.	37	U.S.	3
Others		Others	
Argentina	6899	Netherlands	4006
Czech Rep.	3544	Austria	3938
Italy	3068	Italy	3438
Netherlands	3055	Argentina	2758
Austria	2181	France	630
Chile	2044	Chile	217
Slovak Rep.	1796	Slovak Rep.	217
Lithuania	1728	Czech Rep.	145
Germany	1110	RSA	87
		Germany	82
Total for Others	25425		15518
Others not Listed	2805		786
Grand Total	28267		16307

Concentrated Apple Juice - PSD

PSD Table						
Country	Poland					
Commodity	Concentrated Apple Juice				(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Deliv. To Processors	800000	920000	600000	1450000	0	1450000
Beginning Stocks	0	5000	5000	7000	0	4000
Production	70000	80000	50000	190000	0	190000
Imports	20000	21000	20000	3000	0	3000
TOTAL SUPPLY	90000	106000	75000	200000	0	197000
Exports	75000	89000	65000	185000	0	185000
Domestic Consumption	10000	10000	10000	11000	0	11000
Ending Stocks	5000	7000	0	4000	0	1000
TOTAL DISTRIBUTION	90000	106000	75000	200000	0	197000

Exports of Concentrated Apple Juice

Export Trade Matrix			
Country	Poland		
Commodity	Concentrated Apple Juice		
Time period	Jan-Dec	Units:	MT
Exports for:	1999		2000
U.S.	86	U.S.	644
Others		Others	
Germany	57408	Germany	123536
Austria	8987	Austria	11963
Netherlands	5066	Denmark	4460
Denmark	1886	Italy	4417
Italy	724	Netherlands	3165
Latvia	202	UK	828
Switzerland	192	Belgium	657
		Switzerland	472
		Norway	321
Total for Others	74465		149819
Others not Listed	671		2025
Grand Total	75222		152488

Imports of Concentrated Apple Juice

Import Trade Matrix			
Country	Poland		
Commodity	Concentrated Apple Juice		
Time period	Jan-Dec	Units:	MT
Imports for:	1999		2000
U.S.		U.S.	
Others		Others	
Iran	3790	China	6602
Lithuania	2907	Lithuania	1520
China	2898	Iran	1119
Hungary	1233	Czech Rep.	852
Germany	1130	Germany	363
Uzbekistan	711	Uzbekistan	345
Latvia	643	Hungary	291
Estonia	598	France	207
Romania	595	UK	146
Russia	518		
Total for Others	15023		11445
Others not Listed	1313		237
Grand Total	16336		11682